

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2009**.
- ☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number: **000-30377**

PROVIDENCE RESOURCES, INC.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)

06-1538201
(I.R.S. Employer
Identification No.)

5300 Bee Caves Rd, Bldg 1 Suite 240, Austin, Texas, 78746
(Address of principal executive offices) (Zip Code)

(512) 970-2888
(Registrant's telephone number, including area code)

N/A
(Former name or former address if changed since last report)

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

At November 13, 2009 the number of shares outstanding of the registrant's common stock, \$0.0001 par value (the only class of voting stock), was 62,472,179.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As used herein, the terms “Company,” “we,” “our,” “us,” “it,” and “its” refer to Providence Resources, Inc., a Texas corporation, and its predecessors and subsidiaries, unless otherwise indicated. In the opinion of management, the accompanying unaudited, consolidated financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

PROVIDENCE RESOURCES, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
<u>ASSETS</u>		
Current assets:		
Cash	\$ 2,324,574	\$ 6,392,364
Receivables	239,683	172,971
Note receivable	-	107,500
Total current assets	2,564,257	6,672,835
Unproved oil and gas properties, not subject to amortization	8,010,887	7,359,854
Total assets	\$ 10,575,144	\$ 14,032,689
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 1,057,607	\$ 1,133,642
Accrued expenses	1,717,627	1,026,324
Related party payables	-	53,500
Current portion of long-term convertible promissory notes	4,213,114	-
Current portion of long-term notes payable	700,000	-
Total current liabilities	7,688,348	2,213,466
Convertible debentures	3,320,000	3,320,000
Long-term convertible promissory notes	-	2,592,382
Long-term notes payable	-	700,000
Total liabilities	11,008,348	8,825,848
Commitments		
Stockholders' equity:		
Providence Resources, Inc. stockholders' equity:		
Preferred stock, \$.0001 par value, 25,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 250,000,000 shares authorized, 62,174,454 shares issued and outstanding	6,217	6,217
Additional paid-in capital	49,929,352	49,407,003
Deferred stock compensation	(353,354)	-
Deficit accumulated during the development stage	(50,166,392)	(44,357,352)
Total Providence Resources, Inc. stockholders' equity	(584,177)	5,055,868
Non-controlling interest	150,973	150,973
Total stockholders' equity (debt)	(433,204)	5,206,841
Total liabilities and stockholders' equity	\$ 10,575,144	\$ 14,032,689

The accompanying notes are an integral part of these consolidated financial statements

PROVIDENCE RESOURCES, INC.
(A Development Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,		Cumulative
	2009	2008	2009	2008	
Sales	\$ -	\$ -	\$ -	\$ -	\$ 350
Cost of sales	-	-	-	-	25,427
Gross loss	-	-	-	-	(25,077)
General and administrative expenses	421,541	404,885	2,102,887	1,762,162	13,264,456
Loss from operations	(421,541)	(404,885)	(2,102,887)	(1,762,162)	(13,289,533)
Other income (expense):					
Interest income	-	134	13,988	1,080	526,421
Interest expense	(779,601)	(744,290)	(2,312,035)	(2,220,663)	(12,056,417)
Impairment of capital assets	(1,408,107)	-	(1,408,107)	(2,000,000)	(22,798,933)
Debt conversion expense	-	-	-	(25,000)	(211,115)
Gain (loss) on sale of assets	-	1,155,008	-	1,155,008	1,119,109
Income (loss) before income taxes and continuing operations	(2,609,249)	5,967	(5,809,040)	(4,851,737)	(46,710,467)
Provision for income taxes	-	-	-	-	-
Income (loss) from continuing operations	(2,609,249)	5,967	(5,809,040)	(4,851,737)	(46,710,467)
Loss from discontinued operations, net of tax	-	-	-	-	(3,407,279)
Net income (loss) before cumulative effect of accounting change	(2,609,249)	5,967	(5,809,040)	(4,851,737)	(50,117,746)
Cumulative effect of accounting change, net of tax	-	-	-	-	(102,500)
Net income (loss)	(2,609,249)	5,967	(5,809,040)	(4,851,737)	(50,220,246)
Net loss attributable to the non-controlling interest	-	-	-	-	53,854
Net income (loss) attributable to Providence Resources, Inc.	<u>\$ (2,609,249)</u>	<u>\$ 5,967</u>	<u>\$ (5,809,040)</u>	<u>\$ (4,851,737)</u>	<u>\$ (50,166,392)</u>
Loss per common share from continuing operations - basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.00</u>	<u>\$ (0.09)</u>	<u>\$ (0.08)</u>	
Loss per common share from discontinued operations - basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Loss per common share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.00</u>	<u>\$ (0.09)</u>	<u>\$ (0.08)</u>	
Weighted average common shares outstanding - basic and diluted	<u>62,174,454</u>	<u>71,781,509</u>	<u>62,174,454</u>	<u>59,813,859</u>	

The accompanying notes are an integral part of these consolidated financial statements

PROVIDENCE RESOURCES, INC.
(A Development Stage Company)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,		Cumulative
	2009	2008	
<u>Cash flows from operating activities:</u>			
Net loss	\$ (5,809,040)	\$ (4,851,737)	\$ (50,166,392)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services	-	-	865,000
Shares issued with financing	-	-	3,532,073
Shares issued for debt and accrued interest conversion	-	195,000	404,761
Additional value of shares issued for debt and services conversion	-	25,000	3,151,831
Options issued for services	168,995	790,175	1,659,488
Amortization of conversion rights on debt	1,620,732	1,389,570	4,555,010
Depreciation, amortization, and impairment	1,408,107	2,020,399	23,055,562
Non-controlling interest	-	-	(53,854)
Discontinued operations	-	-	2,542,150
Gain on write-off of liabilities	-	-	(96,270)
Gain on sale of assets	-	(1,155,008)	(1,119,109)
Interest income accrued on note receivable	(3,730)	-	(3,730)
Bad debt expense	36,853	-	36,853
(Increase) decrease in:			
Accounts receivable and prepaid expenses	-	34,168	144,893
Inventory	-	-	374,515
Related party receivable	(66,712)	-	(239,683)
Increase (decrease) in:			
Accounts payable	(76,035)	15,450	1,654,631
Accrued expenses	691,303	566,410	2,206,574
Related party payables	(53,500)	(50,500)	100,312
Net cash used in operating activities	<u>(2,083,027)</u>	<u>(1,021,073)</u>	<u>(7,395,385)</u>
<u>Cash flows from investing activities:</u>			
Advances to PRE Exploration prior to acquisition	-	-	(8,886,761)
Cash of PRE Exploration on acquisition date	-	-	73,271
Acquisition of intangible assets	-	-	(150,398)
Acquisition of property and equipment	(2,059,140)	(18,000)	(12,078,718)
Proceeds from sales of assets	-	7,312,800	7,212,800
Payments received on notes receivable	74,377	-	316,877
Issuance of notes receivable	-	-	(616)
Net cash provided by (used in) investing activities	<u>(1,984,763)</u>	<u>7,294,800</u>	<u>(13,513,545)</u>
<u>Cash flows from financing activities:</u>			
Proceeds from notes payable	-	500,000	1,392,999
Proceeds from convertible promissory notes payable	-	-	5,000,000
Issuance of common stock	-	-	13,347,979
Commissions paid to raise convertible debentures	-	-	(41,673)
Minority investment in subsidiary	-	-	136,915
Proceeds from convertible debentures	-	-	3,654,173
Payments on notes payable	-	-	(256,889)
Net cash provided by financing activities	<u>-</u>	<u>500,000</u>	<u>23,233,504</u>
Change in accumulated other comprehensive income	-	(14,572)	-
Net increase (decrease) in cash	<u>(4,067,790)</u>	<u>6,759,155</u>	<u>2,324,574</u>
Cash, beginning of period	6,392,364	1,180,147	-
Cash, end of period	<u>\$ 2,324,574</u>	<u>\$ 7,939,302</u>	<u>\$ 2,324,574</u>

The accompanying notes are an integral part of these consolidated financial statements

PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The consolidated financial statements consist of Providence Resources, Inc. ("Providence Resources") (formerly Healthbridge, Inc.) and its wholly owned subsidiaries, PRE Exploration, LLC ("PRE Exploration"). PRE Exploration has two wholly owned subsidiaries, PDX Drilling I, LLC ("PDX") and PRT Holdings, LLC ("PRT") and a ninety percent interest in Comanche County Pipeline LLC ("CCP"). Collectively, these entities are referred to as the "Company".

Providence Resources was organized on February 17, 1993 (date of inception) under the laws of the State of Texas. PDX was formed to acquire drilling and service rigs for the purpose of drilling oil and gas wells in Texas. PRT was formed to acquire leases in Texas for oil and gas exploration and development. CCP was formed for constructing an oil and gas pipeline in Comanche County, Texas.

PRE Exploration is involved in exploration activities for the recovery of oil and gas from the Ellenburger carbonate, Strawn carbonate, and Pennsylvanian-Wolfcamp sandstone reservoirs in Val Verde County. The Val Verde County prospect includes approximately 9,989 gross acres of oil and gas leases. PRE Exploration has up to a 50% working interest and its joint venture operating partner, Elm Ridge Exploration Company LLC ("Elm Ridge") has a 50% working interest in the Val Verde County prospect.

The Company is considered a development stage company as defined in SFAS No. 7.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with the instructions in Form 10-Q and, therefore, do not include all information and footnotes required by generally accepted accounting principles and should, therefore, be read in conjunction with the Company's Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission. These statements do include all normal recurring adjustments which the Company believes necessary for a fair presentation of the statements. The interim operations are not necessarily indicative of the results to be expected for the full year ended December 31, 2009.

Additional Footnotes Included By Reference

Except as indicated in the following Notes, there have been no other material changes in the information disclosed in the notes to the financial statements included in the Company's Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission. Therefore, those footnotes are included herein by reference.

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PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 2 - Going Concern

As of September 30, 2009, the Company's revenue generating activities have not generated sufficient funds for profitable operations, and the Company has negative working capital, negative cash flows from operations, and has incurred losses of approximately \$50,000,000 since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern.

We anticipate that additional funding will be required in the next twelve months and that it will be in the form of equity financing from the sale of our common stock. However, we do not have any financing arranged and we cannot provide investors with firm assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our plan of operations.

Note 3 - Convertible Debentures

The Company has issued seven convertible debenture certificates for the total principal sum of \$3,320,000 due in full with accrued and unpaid interest on November 30, 2010. The interest accrues at a rate of 7.0% per annum and is payable on a semi-annual basis. The holders of the debentures have the right to convert all or part of the principal and accrued interest into common shares of the Company at \$0.35 per share at any time prior to maturity. The convertible debentures are secured by substantially all of the Company's assets, consisting of all tangible and intangible property.

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PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 4 - Long-Term Convertible Promissory Notes

Long-term convertible promissory notes	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
-		
-		
-		
Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on May 31, 2010, including interest at 10%, convertible at \$0.08 per common share.	\$ 1,000,000	1,000,000
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	1,400,000	1,400,000
Convertible Promissory Note Payable – Golden Beach Company Ltd., secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	100,000	100,000
Convertible Promissory Note Payable – CR Innovations AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	600,000	600,000
Convertible Promissory Note Payable – Global Project Finance AG, secured, payable in full on August 8, 2010, including interest at 10%, convertible at \$0.08 per common share.	400,000	400,000
Convertible Promissory Note Payable – Global Undervalued Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	250,000	250,000
Convertible Promissory Note Payable – FE Global Leveraged Investment Ltd., secured, payable in full on August 15, 2010, including interest at 10%, convertible at \$0.08 per common share.	250,000	250,000
Convertible Promissory Note Payable – Miller Energy LLC, secured, payable in full on April 29, 2010, including interest at 10%, convertible at \$0.08 per common share.	1,000,000	1,000,000
Convertible Promissory Note Payable – FAGEB AG, secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share.	496,174	496,174
Convertible Promissory Note Payable – Global Convertible Megatrend Ltd., secured, payable in full on March 4, 2010, including interest at 12%, convertible at \$0.08 per common share.	423,188	423,188
	5,919,362	5,919,362
Less unamortized discount	(1,706,248)	(3,326,980)
	4,213,114	2,592,382
Less current portion	(4,213,114)	-
	\$ -	2,592,382

PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 4 - Long-Term Convertible Promissory Notes (continued)

The fair value of the conversion options on the long-term promissory notes is \$1,706,248 and \$3,326,980, respectively, at September 30, 2009 and December 31, 2008, and is calculated using the intrinsic value method and was recorded as discounts on the face values of the notes. These amounts are amortized using the straight-line method over the terms of the notes. During the nine month periods ended September 30, 2009 and 2008, the Company recorded \$1,620,732 and \$1,389,570, respectively, as interest expense due to amortization of the discounts.

Note 5 - Long-Term Notes Payable

Long-term notes payable consisted of the following:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Note Payable – Bluemont Investment Ltd, payable in full by August 27, 2010, including interest at 10%.	\$ 200,000	200,000
Note Payable - Global Convertible Megatrend Ltd., unsecured, principal payable in full on February 23, 2010, interest at 10% and payable at the end of each fiscal quarter, accrued interest convertible to common shares at \$0.08 per share.	500,000	500,000
	700,000	700,000
Less current portion	(700,000)	-
	\$ -	700,000

Note 6 - Related Party Payables

Related party payables consist of amounts due to directors of the Company for consulting fees and were \$0 and \$53,500, respectively, at September 30, 2009 and December 31, 2008.

PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 7 - Related Party Transactions

The Company has entered into an agreement with Nora Coccaro, a non-executive officer and director of the Company, for consulting services. The agreement has an automatic renewal provision unless terminated by either party. During the nine months ended September 30, 2009 and 2008, the Company recognized consulting expense of \$58,000 and \$72,000, respectively.

The Company has an agreement with Gil Burciaga as the Company's president, CEO, and director. The agreement provides for an annual base salary of \$150,000, incentive stock options of 1,850,000, tenure stock options of 5,650,000, and performance stock options if he successfully meets certain performance requirements. The term of the agreement is for four years. During the nine months ended September 30, 2009 and 2008, the Company recognized consulting expense of \$112,500 and \$112,500, respectively, to Gil Burciaga.

Note 8 - Supplemental Cash Flow Information

During the nine months ended September 30, 2009, the Company:

- Recorded deferred stock compensation of \$522,349 related to 2,550,000 common stock options.
- Recorded an impairment loss of \$1,408,107 related to the expiration of the Cole lease.

Actual amounts paid for interest and income taxes are as follows:

	Nine months ended September 30,		Cumulative
	2009	2008	Amounts
Interest	\$ -	-	-
Income tax	\$ -	-	-

Note 9 - Common Stock Options and Warrants

Common stock options and warrants are as follows:

	Number of		Exercise
	Options	Warrants	Price Per Share
Outstanding at January 1, 2009	9,050,000	7,267,650	\$.20 - 1.00
Recorded	2,550,000	-	\$.20
Outstanding at September 30, 2009	11,600,000	7,267,650	\$.20 - 1.00

PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 10 - Commitments

The Company has significant commitments for future capital expenditures related to its drilling program. The Company's Carson lease requires that it drill two additional wells on or before March 10, 2010.

Note 11 - Recent Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board (FASB) issued ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update are effective for interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of this update will have no material effect on the Company's financial condition or results of operations.

In August 2009, the FASB issued ASU 2009-05, *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value*. This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of liabilities. The guidance provided in this update is effective for the first reporting period beginning after issuance. The adoption of this statement has had no material effect on the Company's financial condition or results of operations.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*, which is codified in FASB ASC 105, *Generally Accepted Accounting Principles* ("ASC 105"). ASC 105 establishes the Codification as the source of authoritative GAAP in the United States (the "GAAP hierarchy") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Once the Codification is in effect, all of its content will carry the same level of authority and the GAAP hierarchy will be modified to include only two levels of GAAP, authoritative and non-authoritative. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 has had no material effect on the Company's financial condition or results of operation.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("SFAS No. 167"), which amends the consolidation guidance applicable to variable interest entities. The amendments significantly affect the overall consolidation analysis under FASB ASC 810, *Consolidation* and require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS No. 167 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009, early adoption is prohibited. The Company does not believe the future application of SFAS No. 167 will have an adverse impact on its consolidated financial statements.

PROVIDENCE RESOURCES INC.
(An Exploratory Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009 and 2008

Note 11 - Recent Accounting Pronouncements (continued)

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (“SFAS 166”). This statement removes the concept of a qualifying special-purpose entity Statement 140 and removes the exception from applying Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to qualifying special-purpose entities. SFAS No. 166 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 166 is effective for financial asset transfers occurring after the beginning of an entity’s first fiscal year that begins after November 15, 2009 and early adoption is prohibited. The Company does not believe the future application of SFAS No. 166 will have any impact on its consolidated financial statements or a material effect on the Company’s financial condition or results of operations.

In May, 2009, FASB issued ASC 855 *Subsequent Events* which establishes principles and requirements for subsequent events. In accordance with the provisions of ASC 855, the Company currently evaluates subsequent events through the date the financial statements are available to be issued.

Note 12 - Subsequent Events

The Company evaluated subsequent events from the balance sheet date through November 13, 2009.

- In October 2009, the Company amended the terms of all outstanding long term convertible debentures and reduced the conversion rates for these debentures from \$0.35 to \$0.08 per share.
- In October the Company issued 297,725 shares of common stock to FE Global Leveraged Investment Ltd. in exchange for \$23,818 of convertible debenture accrued interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include but are not limited to those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. Our fiscal year end is December 31. All information presented herein is based on the three and nine month periods ended September 30, 2009.

Discussion and Analysis

The Company is involved in oil and gas exploration through its wholly owned subsidiary, PRE Exploration, LLC ("PRE Exploration"). PRE Exploration holds up to a 50% working interest in 9,989 gross acres of oil and gas leases in Val Verde County. The leases included underlying multiple oil and gas target zones delineated by 3D seismic data and drilling in the area, along a trend that has produced from multiple large gas fields, including the Gomez field which has produced over 10.6 trillion cubic feet to date, the Brown Bassett which has produced over 1.6 trillion cubic feet to date, and the JM Field which has produced over 650 billion cubic feet to date.

Elm Ridge Exploration Company, LLC ("Elm Ridge") holds 50% of the working interest in the Val Verde County leases which it acquired in 2008 in exchange for \$7.212 million dollars and its commitment to carry PRE Exploration for an additional \$2 million on the initial two wells drilled to the Ellenberger formation. Elm Ridge has met its commitments to the Company.

Seismic Exploration

On March 27, 2007 PRE Exploration engaged TRNCO Petroleum Corporation to implement an I/O two recording system using the latest in state-of-the-art acquisition and processing parameters to generate high quality 3D seismic data from the Val Verde County leases. Dawson Geophysical Company was concurrently engaged to obtain the actual 3D seismic data while Fairfield Industries Incorporated was subsequently engaged to interpret the data in concert with consulting geologists familiar with the geophysical applications of seismic data.

The 3D seismic data collected and interpreted illuminated deep gas targets at depths ranging from 14,000 to 16,000 feet in the Ellenberger carbonate, in addition to targets within the Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs at lesser depths. PRE Exploration identified 25 prospective drilling locations within the Val Verde leases based on this information.

Drilling

PRE Exploration and Elm Ridge engaged R.K Ford & Associates, Inc. ("R.K. Ford") to drill two exploratory wells to the Ellenberger formation to test the structure at a depth of approximately 16,000 feet. R.K. Ford completed drilling the Carson 10-1 in early March of 2009 and the Carson 12-1 in late April of 2009. While there was some showing of natural gas to surface for each well, logs confirmed that the primary targeted formations were not wet and that gas shows and reservoir fracture porosity were found throughout both Ellenberger intervals. Drilling results obtained for these wells remain under evaluation.

Our assessment program involves the expertise of several consultants including Fairfield Industries of Houston, Texas, whose processing shop is working to provide a 3D inversion data set to better define the seismic properties surrounding the wells as well as updating the total prospect potential. Seismic inversion transforms seismic reflection data into quantitative rock properties that can describe the reservoir. Log data is being evaluated by McGinley and Associates, Inc of Texas.

During May of 2009 R.K. Ford was instructed to commence preparations to drill R.K. Ford one exploratory well to the Strawn Formation to be identified as the Cole 12-1 well. However, drilling on the site did not commence and accordingly the Company allowed the Cole lease to lapse.

Strategy

Over the next twelve months, based upon the results of the two Carson exploratory wells, the Company expects to focus on additional drilling targets for natural gas production in Val Verde County. However, our business is prone to significant risks and uncertainties that have an immediate impact on efforts to generate a positive cash flow and may deter the anticipated expansion of our initial drilling program. Since we have no assurance that future expectations of oil and gas production will be realized, or that revenue realized from such anticipated production will be sufficient to support our continued operation, we may well have to rely on debt or equity financing to remain in business though we have no commitments for additional debt or equity financing. Therefore, unless positive cash flow can be generated from operations, the future of our business will remain uncertain.

Results of Operations

During the nine month period ended September 30, 2009 the Company was involved in (i) drilling the Carson 10-1, and Carson 12-1 wells in Val Verde County, (ii) assessing drilling results, (iii) evaluating with Elm Ridge our development program going forward, and (iii) satisfying continuous public disclosure requirements.

Net Losses

For the period from inception until September 30, 2009 the Company incurred net losses of \$50,166,392. Net losses for the three months ended September 30, 2009 were \$2,609,249 as compared to net profits of \$5,967 for the three months ended September 30, 2008. The transition to net losses in the current period from net income in the previous period can be primarily attributed to the impairment of the Cole oil and gas leases totaling \$1,408,107 in the current period and the gains realized from the sale of assets to Elm Ridge totaling \$1,155,008 in the previous period. Net losses for the nine months ended September 30, 2009 were \$5,809,040 as compared to net losses of \$4,851,737 for the nine months ended September 30, 2008. The increase in net losses can be attributed to an increase in general and administrative expenses over the periods and the gain on the sale of assets in the previous period.

We will likely continue to operate at a loss through fiscal 2009 and due to the nature of the Company's oil and gas exploration and development operations cannot determine whether we will ever generate revenues from operations.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2009 were \$421,541 as compared to \$404,885 for the three months ended September 30, 2008. General and administrative expenses for the nine months ended September 30, 2009 were \$2,102,887 as compared to \$1,762,162 for the nine months ended September 30, 2008. The increase in general and administrative expenses over the three and nine month periods can be primarily attributed to higher professional fees associated with ongoing legal proceedings. General and administrative expenses include financing costs, accounting costs, consulting fees, leases, employment costs, professional fees and costs associated with the preparation of disclosure documentation. We expect that overall general and administrative expenses will increase in the near term as professional fees are expected to increase due to ongoing legal proceedings.

Other Income (Expense)

Interest income for the three months ended September 30, 2009 decreased to \$0 from \$134 for the three months ended September 30, 2008. Interest income for the nine months ended September 30, 2009 increased to \$13,988 from \$1,080 for the nine months ended September 30, 2008.

Interest expense for the three months ended September 30, 2009 increased to \$779,601 from \$744,290 for the three months ended September 30, 2008. Interest expense for the nine months ended September 30, 2009 increased to \$2,312,035 from \$2,220,663 for the nine months ended September 30, 2008.

Impairment of capital assets for the three months ended September 30, 2009 were \$1,408,107 compared to \$0 for the three months ended September 30, 2008. Impairment of capital assets for the nine months ended September 30, 2009 were \$1,408,107 compared to \$2,000,000 for the nine months ended September 30, 2008. The impairment expenses in the current periods were in connection with our Cole lease in Val Verde County and in the previous nine month period in connection with our former leases in Comanche and Hamilton Counties, Texas.

In the nine months ended September 30, 2008 the Company had a debt conversion expense of \$25,000. In the three and nine months ended September 30, 2008 the Company had a gain on the sale of assets in connection with the sale of a 50% interest in the Val Verde leases to Elm Ridge.

Income Tax Expense (Benefit)

The Company may have a prospective income tax benefit resulting from a net operating loss carry-forward and start up costs that would offset any future operating profit.

Impact of Inflation

The Company believes that inflation has affected operations over the last three years as the result of increases in labor costs, drilling services and equipment. However, inflationary pressure has now abated and pricing for services in the field is on the decline. Therefore, we believe that the Company can mitigate any new inflationary increases through considered commitments and improved operating efficiencies.

Capital Expenditures

The Company has spent significant amounts of capital for the period from February 17, 1993 (inception) to September 30, 2009 on unproved oil and gas properties, pipeline construction, and exploration costs.

Liquidity and Capital Resources

The Company has been in the exploratory stage since inception and has experienced significant changes in liquidity, capital resources, and stockholders' equity.

The Company had a working capital deficit of \$5,124,091 at September 30, 2009. We had current assets of \$2,564,257, consisting of cash on hand of \$2,324,574 and receivables of \$239,683. The Company had total assets of \$10,575,144 at September 30, 2009 that consisted of current assets and unproved oil and gas properties in Val Verde County.

The Company had current liabilities of \$7,688,348 at September 30, 2009 consisting of accounts payable of \$1,057,607, accrued expenses of \$1,717,627, and the current portions of long-term convertible promissory notes of \$4,213,114 and long-term notes payable of \$700,000. The Company had total liabilities of \$11,008,348 at September 30, 2009 that included current liabilities and convertible debentures in the aggregate amount of \$3,320,000.

Stockholders deficit in the Company was \$433,204 as of September 30, 2009.

For the period from inception until September 30, 2009 the Company's cash flow used in operating activities was \$7,395,385. Cash flows used in operating activities for the nine month period ending September 30, 2009 were \$2,083,027 compared to \$1,021,073 for the nine month period ended September 30, 2008. The increase in cash flow used in operating activities during the current period is primarily due to net losses and a decrease in accounts payable offset by impairment expenses and options issued for services.

Depreciation, amortization, and impairment for the nine month periods ended September 30, 2009 and 2008 was \$1,408,107 and \$2,020,399 respectively.

For the period from inception until September 30, 2009 the Company's cash flow used in investing activities was \$13,513,545. Cash flows used in investing activities for the nine month period ended September 30, 2009 were \$1,984,763 compared to cash flows provided by investing activities of \$7,294,800 for the nine month period ended September 30, 2008. Cash flows used in investing activities in the current period are the result of costs incurred in drilling on the Carson leases in Val Verde County. Cash flows provided by investing activities in the previous period were the result of the sale of a 50% interest in the Val Verde leases to Elm Ridge.

For the period from inception until September 30, 2009 the Company's cash flow provided by financing activities was \$23,233,504. Cash flows provided by financing activities for the nine month periods ended September 30, 2009 was \$0 compared to \$500,000 for the period ended September 30, 2008.

The Company has funded its cash needs from inception primarily through a series of debt and equity transactions, including several private placements. While we believe that our current assets are sufficient to conduct our exploration and development activities over the next twelve months, no assurances can be given that additional funding, if needed to explore and develop our lease interests, will be available to us.

Our inability to obtain funding, if necessary, would have a material adverse affect on our business.

Cash dividends are not expected to be paid in the foreseeable future.

The Company had no lines of credit or other bank financing arrangements as of September 30, 2009.

Commitments for future capital expenditures related to the Company's drilling program were material at September 30, 2009. The Carson lease requires that we drill two additional wells on or before March 10, 2010 and realize production in order to maintain the lease.

The Company has no defined benefit plan though it has contractual commitments with Gil Burciaga and Nora Coccaro in addition to a stock based compensation plan.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

Off Balance Sheet Arrangements

As of September 30, 2009 the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to stockholders.

Going Concern

The Company's audit expressed substantial doubt as to the Company's ability to continue as a going concern as a result of reoccurring losses, lack of revenue generating activities, and an accumulated deficit of \$44,357,352 as of December 31, 2008, which increased to \$50,166,392 at September 30, 2009. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan to address the Company's ability to continue as a going concern, include the development and prospective production of oil and natural gas operations, and the conversion of outstanding debt to equity. The successful outcome of these activities cannot be determined at this time, and there is no assurance that, if achieved, we would then have sufficient funds to execute our intended business plan or generate positive operating results.

Forward Looking Statements and Factors That May Affect Future Results and Financial Condition

The statements contained in the section titled "Results of Operations" and "Discussion and Analysis," with the exception of historical facts, are forward looking statements. A safe-harbor provision may not be applicable to the forward looking statements made in this current report. Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance;
- uncertainties related to oil and gas exploration and development;
- our ability to generate revenues through oil and gas production to fund future operations;
- our ability to raise additional capital to fund cash requirements for future operations;
- the volatility of the stock market; and
- general economic conditions.

We wish to caution readers that our operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated including the factors set forth in the section entitled “*Risk Factors*” included elsewhere in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than that is required by law.

Stock-Based Compensation

We have adopted Accounting Standards Codification Topic (“ASC”) 718, formerly SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise’s equity instruments or that may be settled by the issuance of such equity instruments.

We account for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 505. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services.

Critical Accounting Policies

In the notes to the audited consolidated financial statements for the Company for the year ended December 31, 2008 and 2007 included in the Form 10-K the Company discussed those accounting policies that are considered to be significant in determining the results of operations and financial position. The Company’s management believes that their accounting principles conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. We base our estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Revenues recorded upon the completion of services, with the existence of an agreement and where collectability is reasonably assured. Oil and natural gas production revenue, if any, will be recognized at the time and point of sale after the product has been extracted from the ground.

Recent Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board (FASB) issued ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update are effective for interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of this update will have no material effect on the Company's financial condition or results of operations.

In August 2009, the FASB issued ASU 2009-05, *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value*. This update provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures – Overall, for the fair value measurement of liabilities. The guidance provided in this update is effective for the first reporting period beginning after issuance. The adoption of this statement has had no material effect on the Company's financial condition or results of operations.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*, which is codified in FASB ASC 105, *Generally Accepted Accounting Principles* ("ASC 105"). ASC 105 establishes the Codification as the source of authoritative GAAP in the United States (the "GAAP hierarchy") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Once the Codification is in effect, all of its content will carry the same level of authority and the GAAP hierarchy will be modified to include only two levels of GAAP, authoritative and non-authoritative. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 has had no material effect on the Company's financial condition or results of operation.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("SFAS No. 167"), which amends the consolidation guidance applicable to variable interest entities. The amendments significantly affect the overall consolidation analysis under FASB ASC 810, *Consolidation* and require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS No. 167 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009, early adoption is prohibited. The Company does not believe the future application of SFAS No. 167 will have an adverse impact on its consolidated financial statements.

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140* (“SFAS 166”). This statement removes the concept of a qualifying special-purpose entity Statement 140 and removes the exception from applying Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to qualifying special-purpose entities. SFAS No. 166 has not yet been codified and in accordance with ASC 105, remains authoritative guidance until such time that it is integrated in the FASB ASC. SFAS No. 166 is effective for financial asset transfers occurring after the beginning of an entity’s first fiscal year that begins after November 15, 2009 and early adoption is prohibited. The Company does not believe the future application of SFAS No. 166 will have any impact on its consolidated financial statements or a material effect on the Company’s financial condition or results of operations.

In May, 2009, FASB issued ASC 855 *Subsequent Events* which establishes principles and requirements for subsequent events. In accordance with the provisions of ASC 855, the Company currently evaluates subsequent events through the date the financial statements are available to be issued.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report, an evaluation was carried out by the Company’s management, with the participation of the chief executive officer and the chief financial officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”)) as of September 30, 2009. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission’s rules and forms, and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company’s management concluded, as of the end of the period covered by this report, that the Company’s disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission’s rules and forms, and such information was accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting

During the period ended September 30, 2009 there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 27, 2008 The Harding Company (“Harding”) filed a complaint in the District Court of the 160th Judicial District of Dallas County, Texas against the Company. Harding seeks (i) amounts remaining due of \$1,177,032 for drilling wells in Comanche and Hamilton Counties and \$340,358 for the pipeline to these dry wells under the Joint Exploration Agreement dated October 1, 2005, as amended (ii) access to the seismic data from Val Verde County and its purported right to acquire an additional five percent of participation in the Val Verde leases under the Agreement for Purchase and Sale dated February 21, 2006, as amended, and (iii) attorney’s fees.

On November 5, 2008, the Company, represented by Andrews Kurth, LLP, filed a counterclaim against Harding and an original claim against Abram Janz (“Janz”) that seeks damages for fraud, negligent misrepresentation, breach of contract, and breach of fiduciary duty arising out of Harding’s and Janz’s solicitation of the Company to invest in a drilling and development venture in Comanche and Hamilton Counties. The Company seeks actual and exemplary damages for (i) the loss of its investment under Joint Exploration Agreement, (ii) specific performance of the repurchase provision pertaining to Harding’s five percent participation in the Val Verde leases and (iii) attorney’s fees. The Company believes that it will be successful in its defense of the Harding claims and in pursuing its counterclaim against Harding and Janz.

ITEM 1A. RISK FACTORS

The Company has a history of operating losses and such losses may continue in the future.

Since the Company’s inception in 1993, our operations have resulted in a continuation of losses. We will continue to incur operating losses until such time as we begin producing oil and gas revenue, which may or may not eventuate. Should the Company fail to produce oil and gas revenue we may continue to operate at a loss and might never become profitable.

The Company has a history of uncertainty about continuing as a going concern.

The Company’s audits for the periods ended December 31, 2008 and December 31, 2007 expressed substantial doubt as to its ability to continue as a going concern due to the lack of revenue generating activities and the accumulation of significant losses of \$44,357,352 as of December 31, 2008, which increased to \$50,220,246 at September 30, 2009. Unless we are able to overcome our dependence on financings and begin to generate revenue from operations, our ability to continue as a going concern will be in jeopardy.

The Company has a limited operating history as an oil and gas exploration company.

The Company acquired PRE Exploration on September 29, 2006, which company first began oil and gas exploration during the fourth quarter of 2005. As such, our limited operating history in the oil and gas exploration sector provides an inadequate track record from which to base future projections of success.

The Company cannot represent that it will be successful in continuing operations.

The Company has not, to date, generated revenue from operations and may not generate revenue over the next twelve months. Should the Company be unable to realize revenue over the next twelve months, it will be forced to continue to raise capital to remain in operation. We have no commitments for the provision of additional capital and can offer no assurance that such capital will be available as necessary to sustain operations.

Risks Related to the Oil and Gas Industry

Oil and natural gas drilling and producing operations involve risks which could result in net losses.

Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be discovered. Wells which we drill may not be productive, and, thus, we may not be able to recover all or any portion of our investment in such wells. Drilling for oil and natural gas may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net reserves to return a profit after deducting drilling, operating and other costs. The seismic data and other technologies which we use do not allow us to know conclusively prior to drilling a well that oil or natural gas is present or may be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can reduce the feasibility of a project to produce a profit. Further, our drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including:

- unexpected drilling conditions;
- title problems;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with environmental and other governmental requirements; and
- cost of, or shortages or delays in the availability of, drilling rigs, equipment and services.

Our operations are subject to all the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including:

- encountering well blowouts;
- cratering and explosions;
- pipe failure;
- fires;
- formations with abnormal pressures resulting in uncontrollable flows of oil and natural gas;
- brine or well fluids; and
- release of contaminants into the environment and other environmental hazards and risks.

The nature of these risks is such that some liabilities including environmental fines and penalties could exceed our ability to pay for the damages. We could incur significant costs due to these risks that could result in net losses.

The Company is subject to federal, state and local laws and regulations which could create liability for personal injuries, property damage, and environmental damages.

Exploration and development, exploitation, production and sale of oil and natural gas in the United States is subject to extensive federal, state and local laws and regulations, including complex tax laws and environmental laws and regulations. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could harm the Company's business, results of operations and financial condition. We may be required to make large expenditures to comply with environmental and other governmental regulations. Matters subject to regulation include oil and gas production and saltwater disposal operations and our processing, handling and disposal of hazardous materials, such as hydrocarbons and naturally occurring radioactive materials, discharge permits for drilling operations, spacing of wells, environmental protection, reports concerning operations, and taxation. Under these laws and regulations, we could be liable for personal injuries, property damage, oil spills, discharge of hazardous materials, reclamation costs, remediation, clean-up costs and other environmental damages.

Shortages of oil field equipment, services, or qualified personnel, could impact the Company's operating results.

The demand for qualified and experienced field personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. There have also been shortages of drilling rigs and other equipment, as demand for rigs and equipment has increased along with the number of wells being drilled. These factors also cause significant increases in costs for equipment, services and personnel. Higher oil and natural gas prices generally stimulate increased demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. We cannot be certain when or if we will experience these issues and these types of shortages or price increases which could significantly decrease any profit margin, cash flow and operating results on any particular well or restrict our ability to drill additional wells.

The results of the Company's current operations depend on the exploration and operational efforts of third parties.

Exploration efforts through seismic exploration, processing and interpretation in Val Verde County have been provided by TRNCO Petroleum Corporation, Dawson Geophysical, Fairfield Industries, Sam Ting, Bill Purves, and McGinley and Associates, Inc. Exploration efforts through drilling and operation in Val Verde County are being provided by R.K. Ford & Associates, Inc. Despite being experienced in their respective fields, our dependence on third parties to initiate, determine and conduct operations could impede our own prospect of success.

Since oil and natural gas prices are volatile, any substantial decrease in prices could cause the Company to continue to operate at a loss even in the event that we are successful in producing oil and gas.

Our future financial condition, results of operations and the carrying value of our oil and natural gas properties will depend primarily upon the prices we receive for production, if any. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. Our cash flow from operations will be highly dependent on the prices that we expect to receive for oil and natural gas. This price volatility also affects the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. The prices for oil and natural gas are subject to a variety of additional factors that are beyond our control. These factors include:

- the level of consumer demand;
- the domestic supply;
- domestic governmental regulations and taxes;
- the price and availability of alternative fuel sources;
- weather conditions; and
- market uncertainty.

These factors and the volatility of the energy markets generally make it extremely difficult to predict future oil and natural gas price movements with any certainty. Declines in oil and natural gas prices would not only reduce future revenue, but could reduce the amount of oil and natural gas that we can produce economically and, as a result, could cause us to continue to operate at a loss. Should the oil and natural gas industry experience significant price declines, we may continue to operate at a loss even if we produce oil or gas.

Risks Related to the Company's Stock

The Company may require additional capital funding.

The Company may require additional funds, either through equity offerings, debt placements or joint ventures to develop our operations. Such additional capital may result in dilution to our current shareholders. Our ability to meet long-term financial commitments may depend on future cash. There can be no assurance that future income will generate sufficient funds to enable us to meet our financial commitments.

The market for our stock is limited and our stock price may be volatile.

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

The Company does not pay cash dividends.

The Company does not pay cash dividends. We have not paid any cash dividends since inception and have no intention of paying any cash dividends in the foreseeable future. Any future dividends would be at the discretion of our board of directors and would depend on, among other things, future earnings, our operating and financial condition, our capital requirements, and general business conditions. Therefore, shareholders should not expect any type of cash flow from their investment.

We incur significant expenses as a result of the Sarbanes-Oxley Act of 2002, which expenses may continue to negatively impact our financial performance.

We incur significant legal, accounting and other expenses as a result of the Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission, which control the corporate governance practices of public companies. Compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002, as discussed in the following risk factor, has substantially increased our expenses, including legal and accounting costs, and made some activities more time-consuming and costly. Further, expenses related to our compliance may increase in the future, as legislation affecting smaller reporting companies comes into effect that may negatively impact our financial performance to the point of having a material adverse effect on our results of operations and financial condition.

Our internal controls over financial reporting may not be considered effective in the future, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 we are required to furnish a report by our management on our internal controls over financial reporting. Such report must contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. If we are unable to continue to assert that our internal controls are effective, our investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

The Company's shareholders may face significant restrictions on their stock.

The Company's stock differs from many stocks in that it is a "penny stock." The Commission has adopted a number of rules to regulate "penny stocks" including, but not limited to, those rules from the Securities Act as follows:

- | | |
|--------|---|
| 3a51-1 | which defines penny stock as, generally speaking, those securities which are not listed on either NASDAQ or a national securities exchange and are priced under \$5, excluding securities of issuers that have net tangible assets greater than \$2 million if they have been in operation at least three years, greater than \$5 million if in operation less than three years, or average revenue of at least \$6 million for the last three years; |
| 15g-1 | which outlines transactions by broker/dealers which are exempt from 15g-2 through 15g-6 as those whose commissions from traders are lower than 5% total commissions; |
| 15g-2 | which details that brokers must disclose risks of penny stock on Schedule 15G; |
| 15g-3 | which details that broker/dealers must disclose quotes and other information relating to the penny stock market; |
| 15g-4 | which explains that compensation of broker/dealers must be disclosed; |
| 15g-5 | which explains that compensation of persons associated in connection with penny stock sales must be disclosed; |
| 15g-6 | which outlines that broker/dealers must send out monthly account statements; and |
| 15g-9 | which defines sales practice requirements. |

Since the Company's securities constitute a "penny stock" within the meaning of the rules, the rules would apply to us and our securities. Because these rules provide regulatory burdens upon broker-dealers, they may affect the ability of shareholders to sell their securities in any market that may develop; the rules themselves may limit the market for penny stocks. Additionally, the market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all.

Shareholders should be aware that, according to Commission Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. These patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On October 9, 2009 the Company authorized the issuance of 297,725 shares of common stock to FE Global Leveraged Investment Ltd. in exchange for \$23,818 or \$0.08 per share for the satisfaction of interest accrued on a convertible debenture pursuant to the exemptions from registration provided by Section 4(2) and Regulation S of the Securities Act of 1993 as amended.

ITEM 3. DEFAULTS ON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 30 of this Form 10-Q, and are incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Providence Resources, Inc.

Date

/s/ Gilbert Burciaga

November 13, 2009

By: Gilbert Burciaga

Its: Chief Executive Officer, Chief Financial Officer, Principal
Accounting Officer and Director

EXHIBITS

<i>Exhibit</i>	<i>Description</i>
3(i)(a)*	Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
3(i)(b)(c)*	Amendment to Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
3(i)(d)*	Amended and Restated Articles of Incorporation (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
3(i)(e)*	Articles of Amendment to the Amended and Restated Articles of Incorporation (incorporated by reference from the Form 10-QSB filed with the Commission on November 17, 2003).
3(i)(f)*	Amendment to the Amended and Restated Articles of Incorporation (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
3(i)(g)*	Amendment to the Amended and Restated Articles of Incorporation (incorporated by reference from the Form 10-QSB filed with the Commission on August 14, 2007).
3(ii)(a)*	Bylaws of the Company (incorporated by reference from the Form 10-SB filed with the Commission on April 17, 2000).
3(ii)(b)*	Amended and Restated Bylaws of the Company (incorporated by reference from the Form 8-K filed with the Commission on October 26, 2006).
10(i)*	Joint Venture Agreement between PRE Exploration and Harding Company, dated October 1, 2005 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
10(ii)*	Agreement for Purchase and Sale between PRE Exploration and Global Mineral Solutions, L.P., dated February 22, 2006 (incorporated by reference from the Form 8-K filed with the Commission on October 2, 2006).
10(iii)*	Securities Exchange Agreement dated April 10, 2006, between the Company, PRE Exploration, and the membership unit holders of PRE Exploration (filed on Form 8-K with the Commission on April 14, 2006).
10(iv)*	Note Exchange Agreement dated April 10, 2006, between the Company and the holders of certain promissory notes issued by PRE Exploration (filed on Form 8-K with the Commission on April 14, 2006).
10(v)*	Amendment to the Terms of the Securities Exchange Agreement effective as of May 26, 2006, between the Company, PRE Exploration, and the membership unit holders of PRE Exploration (filed on Form 8-K with the Commission on July 3, 2006).
10(vi)*	Amendment to the Terms of the Note Exchange Agreement effective as of May 26, 2006, between the Company and the holders of certain promissory notes issued by PRE Exploration (filed on Form 8-K with the Commission on July 3, 2006).
10(vii)*	Letter Agreement between PRE Exploration and Harding Company, dated March 30, 2006 (incorporated by reference from the Form SB2/A-2 filed with the Commission on February 28, 2007).
10(viii)*	Project Participation Agreement with Elm Ridge Exploration Company, LLC, dated July 31, 2008 (filed on Form 10-Q/A with the Commission on October 20, 2008).
14*	Code of Ethics, adopted as of March 1, 2004 (incorporated by reference from the form 10-QSB filed with the Commission on November 17, 2004).
21*	Subsidiaries (incorporated by reference from the Form 10-K filed with the Commission on April 7, 2008).
31	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached).
32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (attached).

* Incorporated by reference to previous filings of the Company.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gilbert Burciaga certify that:

1. I have reviewed this report on Form 10-Q of Providence Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 13, 2009

/s/ Gilbert Burciaga

Gilbert Burciaga

Chief Executive Officer and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of Providence Resources, Inc. for the quarterly period ended September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof, I, Gilbert Burciaga, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in this report fairly presents, in all material respects, the financial condition of the registrant at the end of the period covered by this report and results of operations of the registrant for the period covered by this report.

Date: November 13, 2009

/s/ Gilbert Burciaga

Gilbert Burciaga

Chief Executive Officer and Chief Financial Officer

This certification accompanies this report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.